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June 19, 2018

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**VIA ELECTRONIC FILING**

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: ***Ex Parte* Presentation:** Bridging the Digital Divide for Low-Income Consumers, WC Docket No. 17-287; Lifeline and Link Up Reform and Modernization, WC Docket No. 11-42; Telecommunications Carriers Eligible for Universal Service Support, WC Docket No. 09-197

Dear Ms. Dortch:

TracFone Wireless Inc. (“TracFone”) offers this *ex parte* presentation in regard to the above-referenced proceeding, in which the Federal Communications Commission (“FCC” or “Commission”) proposes to implement sweeping reforms to the federal Lifeline program that would deny more than 8 million households their preferred Lifeline providers and services without meaningfully reducing the opportunities for waste, fraud, and abuse.<sup>1</sup> Specifically, as an attachment to this *ex parte* letter, TracFone is submitting its response to an inquiry from the Michigan Public Service Commission related to a petition by AT&T to relinquish its eligible telecommunications carrier (“ETC”) designation in most parts of Michigan. It helps illustrate why the Commission’s proposal to exclude wireless resellers from the Lifeline program could have broad, unintended, and negative consequences for not only the most vulnerable of our society who rely on the program, but also for non-Lifeline carriers as well.

In its most troubling series of proposals, the Commission proposes to “discontinu[e] Lifeline support for service provided over non-facilities-based networks,”<sup>2</sup> a proposal which would eliminate from the Lifeline program more than 40 eligible

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<sup>1</sup> *Bridging the Digital Divide for Low-Income Consumers*, Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, FCC 17-155, 2017 WL 6015800 (Dec. 1, 2017).

<sup>2</sup> *Id.* ¶ 67.

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ETCs and immediately cut off Lifeline support for roughly 8.3 million low-income families that receive service from such providers. As TracFone explained in its opening round comments, eliminating non-facilities-based providers from the Lifeline program would have a detrimental effect on the program and the consumers who depend on it, particularly because of the lack of facilities-based options in the market. Specifically, TracFone noted that “[w]ith the exception of Sprint, the other large facilities-based wireless providers each offer Lifeline service in only a limited number of states, and two of these – AT&T and T-Mobile – have demonstrated a legitimate intention to leave the Lifeline marketplace.”<sup>3</sup> As a result, “in the District of Columbia and nine (9) states (likely to grow with AT&T and T-Mobile diminishing their Lifeline participation), Sprint would be the only option,” drastically reducing competition in the market for Lifeline services and harming consumers.<sup>4</sup>

Recent events in Michigan confirm that the participation of facilities-based providers in the Lifeline market continues to dwindle. AT&T has petitioned the Michigan Public Service Commission relinquish its ETC designation so as to discontinue its wireline Lifeline offerings in most parts of the state, which would leave only one facilities-based wireless Lifeline provider in AT&T’s affected service area in the state of Michigan.

TracFone does not oppose AT&T’s petition, and stands committed to serving the people of Michigan and continuing to provide Lifeline services in the service areas relinquished by AT&T as long as federal law permits. However, AT&T’s departure from the Lifeline market in Michigan underscores the importance of allowing non-facilities-based providers to remain in the Lifeline program. Far from providing “increased consumer choice,”<sup>5</sup> the Commission’s proposal threatens to eliminate the vast majority of providers from the marketplace, leaving Lifeline customers with few, if any, wireline or wireless alternatives to switch to in order to continue receiving their discounts. As the AT&T petition further demonstrates, Lifeline

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<sup>3</sup> Comments of TracFone Wireless, Inc., WC Docket No. 17-287, et. al., at 19-20 (filed Feb. 21, 2018).

<sup>4</sup> *Id.* at 20.

<sup>5</sup> Letter from Ajit Pai, FCC Chairman, to Senators Booker, Markey, Duckworth, Blumenthal, and Hassan (June 8, 2018), available at <https://docs.fcc.gov/public/attachments/DOC-351688A3.pdf>.



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customers are faced with ever-dwindling number of facilities-based options in the states to obtain Lifeline services today, and the exclusion of resellers will make it far more challenging for facilities-based carriers to exit the Lifeline market in the future as it becomes harder to satisfy the requirements of Section 214(e)(4) of the Communications Act for relinquishing universal services. As the Commission continues to evaluate the record in this proceeding, it should consider market realities and should consider policies that will enhance—rather than harm—the Lifeline program.

Respectfully Submitted,

/s/ Shawn H. Chang

Shawn H. Chang  
*Counsel to TracFone Wireless, Inc.*

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
<b>AT&amp;T MICHIGAN</b> for an order confirming	)	
relinquishment of eligible telecommunications	)	Case No. U-20064
carrier designation in specified areas.	)	
_____	)	

**AMENDED COMMENTS OF TRACFONE WIRELESS, INC.**

TracFone Wireless, Inc. ("TracFone"), by its undersigned counsel, hereby submits these Amended Comments, in place of the Comments of TracFone filed on June 1, 2018, in response to the order of the Michigan Public Service Commission ("Commission") dated April 28, 2018 in the above designated case

1. TracFone is willing and able to ensure that all customers currently served by AT&T Michigan in the TracFone service areas will continue to receive the federal Lifeline discount if the customer is eligible and elects to apply for Lifeline discounted service with TracFone.
2. TracFone does not oppose the relinquishment of ETC designation by AT&T.
3. As the Commission is aware, the Federal Communications Commission (FCC) is considering, as part of its pending Notice of Proposed Rulemaking on the Lifeline Program, a proposal to limit participation in the Lifeline program to eligible telecommunications carriers that provide service over their own network facilities.<sup>1</sup> TracFone notes that, as AT&T's petition indicates, only one facilities-based carrier will continue to offer service within the service area after AT&T's relinquishment. This should pose no problem to service availability and choice for

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<sup>1</sup> See Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, WC Docket Nos. 17-287, 11-42, 09-197, Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, FCC 17-155 (rel. Dec. 1, 2017), §§ 67 - 73.

consumers, provided resale-based Eligible Telecommunications Carriers are permitted by the FCC to continue to provide Lifeline service, as no fewer than thirteen such providers are designated to provide such services in Michigan. TracFone notes and supports the comments filed by this Commission on January 23<sup>rd</sup>, 2018<sup>2</sup> with the FCC in the aforementioned Lifeline proceeding opposing the proposed reseller exclusion, and believes that AT&T's relinquishment of ETC status in Michigan and other states significantly bolsters those arguments. TracFone further notes that the Commission urged the FCC, in the event it adopts a reseller ban, to provide a sufficient transition period (no less than one year) to allow affected consumers ample opportunity obtain service from another facilities-based carrier. As evident from AT&T's petition, however, it is very possible that in the near future there may simply not be any facilities-based carriers able or willing to provide Lifeline supported service to such consumers, regardless of how much time they have to search for one.

4. Further, the relinquishment petitions filed by AT&T in Michigan and other states suggest the FCC may be operating under a misapprehension as to the likely impact of its proposal to exclude resellers from the Lifeline program. An FCC spokesman recently called claims that the reseller exclusion would jeopardize access to Lifeline for 92,000 customers in South Carolina a "false and ridiculous claim" that is "based on a series of inaccurate assumptions, most notably that no Lifeline participants would switch to a facilities-based provider."<sup>3</sup> That statement shows an ignorance of the reality as perfectly illustrated by the AT&T petition: wireless Lifeline service is likely to be unavailable to many or most Lifeline-eligible consumers if resellers are excluded from the program because our nation's top facilities-based

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<sup>2</sup> See Comments of the Michigan Public Service Commission, WC Docket No. 17-287 et al. (filed Jan. 23, 2018).

<sup>3</sup> See AARP, *Others Urge FCC to Back Off Lifeline Proposals; Agency Defends Plan, Touts Outreach* Communications Daily, Published May 25, 2018

carriers are exiting the Lifeline market. Indeed, in addition to AT&T relinquishing its ETC status and thus the obligations to provide Lifeline services in 14 other states, Verizon Wireless and T-Mobile U.S.A have also already relinquished their ETC designation for providing Lifeline services in numerous states. We may even see Sprint – the only nationwide facilities-based wireless carrier actively participating in the Lifeline program – withdraw its participation if its proposed merger with T-Mobile is approved by regulators next year. TracFone thus agrees with the Commission’s comments that the proposed reseller ban would “reduce service options for Lifeline customers, and potentially cause existing Lifeline customers to lose their service.”

**Respectfully submitted,**

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